

Message Text

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SUBJ: FY 1976 COUNTRY COMMERCIAL PROGRAM - FIRST QUARTER
PROGRESS REPORT

REF: (A) STATE 280182, 12/23/74; (B) STATE 244219, 10/15/75

SUMMARY IMPLEMENTATION OF CCP WAS HAMPERED DURING FIRST QUARTER BY STAFF SHORTAGES, BUT WE EXPECT TO MAKE UP IN COMING MONTHS. TWO CHANGES IN PROGRAM ARE SUGGESTED: (1) CANCELLATION OF DESK STUDY ON TIMBER INDUSTRY EQUIPMENT IN VIEW OF EXCELLENT STUDY BY PACIFIC NORTHWEST INTERNATIONAL TRADE COUNCIL AND (2) CONTRACTING PROPOSED MARKET RESEARCH ON FOOD PROCESSING AND PACKAGING EQUIPMENT. WE HAVE MADE LITTLE PROGRESS IN PRESS RELEASES AND REQUIRE MATERIAL FROM COMMERCE IF WE ARE TO MEET OUR TARGETS. FIRST PRODUCT SHOW IN U.S. BUSINESS CENTER WILL FEATURE AUTOMOTIVE SERVICE EQUIPMENT OF NINE U.S. FIRMS.

1. IMPLEMENTATION OF THE CCP PROGRAM WAS HAMPERED DURING THE FIRST QUARTER BECAUSE OF STAFF SHORTAGES -- ABSENCE OF TWO FSO'S ON HOME LEAVE, RECENT ARRIVAL AND ORIENTATION OF TWO NEW OFFICERS, ONE FSLE ON EXTENDED SICK AND SUBSEQUENT MATERNITY LEAVE, ONE FSLE ON TRAINING IN THE UNITED STATES, AND ONE FSLE PROFESSIONAL VACANCY. FSLE STAFF TURNOVER, CHARACTERIZED BY FOUR RESIGNATIONS (TWO FOR IMMIGRATION AND TWO FOR BETTER PAYING POSITIONS), ALSO RESULTED IN LOWER EFFICIENCY AND PRODUCTIVITY. WE EXPECT, HOWEVER, TO MAKE UP GAPS AND DEFERMENTS IN PROGRAM AS YEAR
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PROGRESSES.

2. WE RECOMMEND CANCELLATION OF PROGRAMMED MARKET RESEARCH DESK STUDY ON TIMBER INDUSTRY EQUIPMENT IN VIEW OF THE EXCELLENT SUMMARY REPORT PREPARED BY THE PACIFIC NORTHWEST INTERNATIONAL TRADE COUNCIL FOLLOWING THE VISIT OF THE PACIFIC NORTHWEST FOREST PRODUCTS MACHINERY TRADE MISSION, MARCH 30 TO APRIL 1, 1975. TIMBER INDUSTRY REMAINS IN SERIOUS RECESSION AS JAPANESE PURCHASES OF LOGS AND U.S. IMPORTS OF PLYWOOD CONTINUE TO DECREASE. WE HAVE THEREFORE GIVEN LOWER PRIORITY TO END-USE CONTACTS BUT PLAN TO RESUME DEFERRED VISITS AS PART OF PREPARATIONS FOR TIMBER INDUSTRY TRADE MISSION IN FEBRUARY 1976. WHILE INDUSTRY OUTLOOK IS CLOUDED IN VIEW OF CONTINUED LOW LEVEL ACTIVITY IN U.S. HOUSING INDUSTRY, TRADE MISSION AND ITS TIMING ARE APPROPRIATE TO CONTINUE CULTIVATING THIS IMPORTANT PHILIPPINE MARKET BEFORE IT ACTUALLY REVIVES.

3. CCP CALLS FOR POST CONDUCTED MARKET SURVEY IN NOVEMBER COVERING FOOD PROCESSING AND PACKAGING EQUIPMENT TO BE COMPLETED IN NOVEMBER. WE RECOMMEND THAT THIS STUDY BE CONTRACTED OUT TO A PRIVATE RESEARCH FIRM FOR COMPLETION DURING THIRD QUARTER OF FY 76. AS DEPARTMENT AND COMMERCE WOULD RECALL, OF TWO REQUESTED NEW POSITIONS ONE WAS TO BE MARKET RESEARCH SPECIALIST. UNTIL NEW RESOURCES BECOME AVAILABLE, USE OF CURRENT LIMITED RESOURCES FOR ABOVE RESEARCH WOULD JEOPARDIZE OTHER PORTIONS OF CCP AND OUR BUSINESS PROGRAM.

4. INSTITUTIONAL AND PRODUCT PRESS RELEASE TARGETS ESTABLISHED FOR FOUR PRODUCT CAMPAIGNS APPEAR UNREALISTIC AT THIS TIME WITHOUT COMMERCE SUPPORT. TOTAL PROGRAM CALLS FOR 10 INSTITUTIONAL PRESS RELEASES AND 38 PRODUCT PRESS RELEASES, BUT MAKES NO PROVISION FOR MATERIAL FOR RELEASES. WE HAVE THEREFORE MADE LITTLE PROGRESS IN PRESS AGENCY AND CANNOT DO SO WITHOUT ADEQUATE SUPPORT.

5. FIRST QUARTER HIGHLIGHTS INCLUDED WEEK-LONG US/RP TAX TREATY TALKS, CONTINUED DIFFICULTIES WITH DIPLOMATIC CLEARANCES OF AIRCRAFT, RESOLUTION OF SHIPPING DISCRIMI-
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NATION PROBLEM IN PD 667, PROSPECTS FOR REVIVING ECONOMIC DISCUSSIONS, AND WASHINGTON STATE TRADE MISSION HEADED BY GOVERNOR EVANS.

6. IN SECOND QUARTER, WE ARE PLANNING NINE-COMPANY LOCALLY RECRUITED SHOW ON AUTOMOTIVE SERVICE EQUIPMENT TO BE HELD IN U.S. BUSINESS CENTER ON NOVEMBER 4 TO 6. GOVERNOR ARIYOSHI OF HAWAII IS ALSO LEADING LARGE GOODWILL AND TRADE

MISSION DURING SAME WEEK.

7. MANILA'S A-287 POINTED OUT PROMISING MARKET PPORTUNITIES FOR NUMBER OF CATEGORIES, INCLUDING ELECTRONIC PRODUCTION AND TEST EQUIPMENT. ALTHOUGH ELECTRONIC COMPONENTS ARE SLIGHTLY DEPRESSED, OUTLOOK FOR NEW OUTLAYS IN PHILIPPINES APPEARS GOOD AND SUCH EQUIPMENT HAS NEVER BEEN PROMOTED LOCALLY. WE WOULD SUGGEST COMMERCE CONSIDER FUNDING A MARKET RESEARCH CONTRACT TOWARDS THE END OF FY 1976 SO AS TO PREPARE FOR A PROMOTIONAL EVENT IN FY 1977, PERHAPS A TRADE MISSION.

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